BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF: THE CHAMBER GROUP, INC. An Arizona Corporation, a/k/a CHAMBER FINANCIAL GROUP and CHAMBER FINANCIAL 1060 Sandretto Drive, Ste. A Prescott, Arizona 86305; and 1550 South Alma School, Ste. #103 Mesa, Arizona 85210 JOSEPH L. HILAND 135 South Summit Prescott, Arizona 86304 TYSON J. HILAND 3094 Shoshone Place Prescott, Arizona 86301 TRAVIS D. HILAND 4801 North Meixner Road Prescott, Arizona 86314 Respondents.	DOCKET NO. S-03438A-00-0000 DECISION NO. _____ **OPINION AND ORDER**
DATES OF PRE-HEARING CONFERENCES:	January 30 and March 19, 2001
DATES OF HEARING:	April 30, May 1, 2, 3, and 4, 2001
PLACE OF HEARING:	Phoenix, Arizona
PRESIDING ADMINISTRATIVE LAW JUDGE:	Marc E. Stern
APPEARANCES:	Titus, Brueckner, and Berry, by Mr. David R. Jordan, on behalf of the Chamber Group, Inc., Mr. Joseph Hiland, Mr. Tyson J. Hiland and Mr. Travis D. Hiland;[1] Mr. Jamie B. Palfai, Special Assistant Attorney General, and

[1] Initially, Respondents were represented by Mr. Michael Salcido, but subsequently retained alternate counsel.

Ms. Jennifer A. Boucek, Assistant Attorney General, on behalf of the Securities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On December 22, 2000, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of Opportunity for Hearing ("Notice") against the Chamber Group, Inc. a/k/a Chamber Financial Group or Chamber Financial ("CGI"), Mr. Joseph L. Hiland, Mr. Tyson J. Hiland and Mr. Travis D. Hiland (collectively the "Respondents") in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of certificates of deposit ("CDs"), viatical settlements, tax lien certificates and investment contracts for money voucher machines. As a result of the T.O., the Respondents were immediately ordered to cease and desist from violating the Act.

The Respondents were all duly served with the T.O. and the Notice.

On January 12, 2001, Respondent CGI and Messrs. Hiland filed a request for hearing.

On January 22, 2001, by Procedural Order, a pre-hearing conference was scheduled for January 30, 2001.

On January 30, 2001, the initial pre-hearing conference took place as scheduled with counsel for the Respondents and the Division present. At that time, Counsel for the Respondents consented to the extension of the T.O. pursuant to A.A.C. R14-4-307 until a final Commission Decision. The parties also stipulated to a hearing to commence on March 19, 2001.

On March 6, 2001, a Notice of Appearance and Motion for Continuance of Hearing were filed by Titus, Bruckner, & Barry, P.C. on behalf of the Respondents.

On March 19, 2001, at the time scheduled for hearing, an additional pre-hearing conference was held at which time substitute counsel for the Respondents indicated that he would be representing the Respondents in all further proceedings and would be filing a formal written consent executed by Respondents' former counsel to allow for the substitution of counsel.

Due to the substitution of counsel, it was agreed that a brief continuance would resolve the scheduling of the hearing and the parties stipulated for the hearing to commence on April 30, 2001.

On March 20, 2001, Respondents filed a written waiver of A.A.C. R14-4-307. Respondents also filed a response in opposition to an earlier motion which had been filed by the Division to allow for the presentation for telephonic testimony during the proceeding.

On April 6, 2001, by Procedural Order, the Division's motion to allow telephonic testimony was granted.

On April 30, 2001, a full public hearing was commenced before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. Respondents and the Division appeared with counsel. Hearings were also conducted on May 1, 2, 3, and 4, 2001. Testimony was taken from various witnesses and more than 150 exhibits were admitted into evidence during the course of the proceeding. Following the conclusion of the hearing, the parties agreed that the record would remain open for approximately 30 days in order to allow the Respondents to collect certain evidence in the form of Certificates of Redemption for brokered CDs to be filed as a late-filed exhibit R-3 after which closing memoranda would be filed.

On May 24, 2001, a Stipulation Regarding the Closing of the Record and the Date for Submitting Post-Hearing Memoranda ("Stipulation") was filed by counsel for the Respondents and the Division. The Stipulation stated that the record would be closed on June 4, 2001 and that although Respondents' counsel had been considering the opportunity to call a final rebuttal witness, Respondents waived this opportunity. Respondents also stipulated that they would file Exhibit R-3 by the aforementioned date. The parties further stipulated that closing memoranda would be filed not later than 30 calendar days from the date that the final hearing transcript in the case was filed with Docket Control.

On June 4, 2001, Respondents filed their Exhibit R-3 which was to consist of the Certificates of Redemption.

On June 11, 2001, the Division filed a Motion to Preclude Admission of Respondents' Exhibit R-3 ("Motion to Preclude").

On June 28, 2001, the Respondents filed a response to the Division's Motion to Preclude.

On July 3, 2001, by Procedural Order, the Division's Motion to Preclude was denied. The matter was then taken under advisement pending submission of a Recommended Opinion and Order

to the Commission.

On December 4, 2001, a Recommended Opinion an Order was issued and was discussed at the Commission's January 8, 2002 Open Meeting. It was decided that the Opinion and Order should be amended to include a finding of a statutory violation of the anti-fraud provision of the Act, A.R.S. § 44-1991 and that with respect to the issue of restitution, the matter should be referred back to the Hearing Division to ascertain the correct amount to be ordered.

On January 10, 2002, pursuant to the Commission's direction, a Procedural Order was issued scheduling a Procedural Conference.

On January 17, 2002, the Procedural Conference was held and the parties agreed to the filing of additional exhibits and to the scheduling of a hearing on the matter of restitution.

On February 6, 2002, the Division filed what was captioned "Motion to Adopt Unopposed Restitution Totals, Terms and Conditions for Inclusion into Proposed Order" ("Restitution Motion") which included attached exhibits to establish the correct amount of restitution.

On February 6, 2002, the hearing was convened before the presiding Administrative Law Judge. The Division and the Respondents were represented by counsel. The Respondents did not object to the Restitution Motion and it was granted during the hearing. The exhibits attached to the Restitution Motion were also admitted into evidence along with certain receivership records relevant to the proceeding. The Restitution Motion is attached hereto, marked Exhibit A and incorporated herein by reference.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. CGI, whose last two known addresses were 1060 Sandretto Drive, Ste. A, Prescott, Arizona 86305, and 1550 South Alma School Road, Ste. 103, Mesa, Arizona 85210 was an Arizona corporation that was incorporated on or about June 10, 1997, to conduct the business of "insurance

sales and business benefits marketing and administration." On December 12, 2000, according to the Commission's records, the corporate entity was dissolved and the Articles of Organization for The Chamber Group, L.L.C. ("CGL.L.C.") were filed listing Mr. Joseph Hiland, Mr. Travis Hiland, and Mr. Tyson Hiland as managers at the aforementioned address in Mesa, Arizona attributable to CGI.

2. Respondent, Joseph Hiland, whose last known address is 135 South Summit, Prescott, Arizona 86304, was an incorporator, CEO and a sales representative of CGI. At all times herein, Respondent, Joseph Hiland, offered and sold a variety of investment programs to a number of Arizona investors.

3. Respondent, Tyson Hiland, whose last known address is 3094 Shoshone Place, Prescott, Arizona 86304, was a sales representative of CGI and in this capacity, offered and sold a variety of investment programs to a number of Arizona investors.

4. Respondent, Travis Hiland, whose last known address is 4801 North Meixner Road, Prescott Valley, Arizona, 86314, was the president and a sales representative of CGI and involved in the sale of a number of investment programs to Arizona investors.

5. On December 22, 2000, the Division issued a T.O. and Notice alleging violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991 against Respondents CGI and Messrs. Hiland. With respect to Respondent Travis Hiland, the Division alleged that he either directly or indirectly controlled CGI and Respondents Tyson and Joseph Hiland within the meaning of A.R.S. §44-1999 and is therefore, liable to the same extent as CGI and Respondents Tyson and Joseph Hiland for the multiple violations of A.R.S. § 44-1991. Additionally, the T.O. and Notice also alleged that Respondents CGI and Messrs. Hiland engaged in activity violating A.R.S. §§ 44-3151 and 44-3241, the Investment Management Act. ("IMA").

6. During the latter half of 1998, Respondents CGI and Messrs. Hiland began the offer and sale of a variety of investment programs initially in the form of brokered fractionalized CDs, life settlement contracts, a/k/a viatical settlements, a tax lien certificate program in the form of an investment contract and the "MVP" money voucher program, also an investment contract, that involved the sale of money voucher machines that were operated and managed for investors by Douglas Network Enterprises ("DNE"), a service company, that would perform all of the work and

send profits to investors.

7. Although not included within the T.O. and Notice, there was also some evidence presented that as time passed during the offer and sale of the aforementioned investments, the Respondents also made available opportunities to invest in a timeshare resort in the Yucatan.

8. The majority of the investments offered and sold by the Respondents initially were in the area of the brokered CDs. These CDs were offered and sold by Respondents through a California broker dealer, San Clemente Securities, Inc. ("San Clemente").

9. The Division contended that investor funds in the CD program were either directed to San Clemente's wholly-owned subsidiary clearing correspondent, United Custodial Corporation ("UCC") or CIBC Oppenheimer ("CIBC"), or independent clearinghouse, which would then credit investors with ownership of a portion of a master CD owned by San Clemente. However, based on the record, the investments in this proceeding were made through CIBC.

10. Based on the testimony of investor witnesses called by the Division, they were unaware that their investment funds were being pooled together with those of other investors to finance the purchase from various issuing banks of large master CDs by San Clemente which then fractionalized the CDs to individual investors.

11. There is no evidence that any of these investors ever received physical custody of their CDs because it was established that the CDs remained within the control of San Clemente or its clearing house, CIBC or United Custodial.

12. Investors called by the Division testified that they believed the CDs which they purchased from the Respondents had one year maturity dates with approximately a 2 percent higher rate of return than the going rate of CDs offered by other investment organizations.

13. However, the CDs that were offered and sold by the Respondents were extended term CDs, which, if an investor desired to liquidate his interest in the CD before the maturity date, would result in a financial penalty due to a Market Value Adjustment ("MVA") upon the return of the remainder of his principal investment[2].

[2] The MVA fluctuated depending on the going interest rate and was part of a secondary market.

14. Respondent Joseph Hiland recalled that during 1998 he was contacted by a Mr. Jeff Nichols who was marketing a program that illustrated the sale of CDs would provide CGI a method to attract more clients to whom he could sell more annuities, which he was already selling because of his background in the insurance business.

15. Subsequently, Respondent Joseph Hiland, became acquainted with San Clemente and its principals who purportedly were the biggest marketers of CDs in California.

16. The brokered CDs issued by San Clemente and offered and sold by CGI and its Respondent sales representatives were categorized as a "step rate CD." It was offered and sold with an initial interest rate of approximately 9¼ percent (approximately two percent above the going rate) for a period of one year after which it would step down "usually two points" and would have a term of from 15 to 20 years.

17. According to the Respondents, investors in brokered CDs were all told that "the principal is guaranteed by the FDIC[3]."

18. Respondents, through counsel, stipulated that the brokered CDs were securities under the Act.

19. There is no evidence that the brokered CDs were either exempt from registration or registered under the Act.

20. Respondents Travis and Tyson Hiland were also involved in the sale of the brokered CDs.

21. There was also evidence that Respondents offered and sold approximately 150 viatical contracts between approximately January 1999 through at least July 2000.

22. There is also evidence that CGI and its sales representatives, Respondents Joseph Hiland and Tyson Hiland, also offered and sold investments for TLC America ("TLC") in its tax lien program on at least 92 occasions between January 1999 and December 2000.

23. CGI had been contacted by a representative of TLC after inquiries the Respondents had made after viewing promotional ads for the tax lien investment programs. All three individual

[3] Federal Deposit Insurance Corporation.

Respondents attended a seminar to learn about marketing the program.

24. It was established by the record that Respondents had also been involved in at least 30 sales of MVP money voucher machine programs offered by DNE through the use of investment contracts which enabled investors to invest with the Respondents for the purchase and management of DNE's money voucher machines which would be managed by DNE's management company.

25. Respondents presented no evidence during the proceeding that established that any of the offerings at issue were either exempt from registration or registered under the Act.

26. During much of the time in question, neither CGI nor Messrs. Hiland were registered as a dealer or salesmen in Arizona. However, from September 1999 through June 2000, one or more of the Hiland Respondents were registered as salesmen with San Clemente.

27. Based on the record, there was also evidence establishing the fact that CGI and the individually named Respondents transacted business without being licensed in Arizona as an investment advisor or investment advisor representatives, in violation of the IMA.

28. In support of its case, the Division called five investor witnesses including: Ms. Gloria Perry Peragine, Ms. Catherine N. Smith, Ms. Susan A. Heatherington, Mrs. Louis Maass, and Mrs. Nancy del Valle; Ms. Julia Reinhold and Ms. Michelle Webb, two former employees; Mr. Kenton Johnson, an employee of the receiver of TLC in California, Mr. David Greene, a regional counsel for the National Association of Securities Dealers ("NASD"); and Division employees, Mr. Michael Donovan, senior financial instrument examiner and Mr. Gary Kirst, investigator.

29. Ms. Gloria Perry Peragine, a retiree from Surprise, Arizona, testified that she has a monthly income of $1,100 primarily from Social Security benefits and that her only investing experience was in bank issued CDs. Mrs. Gloria Perry Peragine first learned about CGI from her son-in-law who had heard their ads on a radio show and also read about them in a newspaper.

30. CGI's newspaper ad promoted CDs with a 9 percent interest rate which caught her attention.

31. As a result, she contacted CGI and made an appointment to meet with Respondent Joseph Hiland. At this meeting, she informed him of her desire to invest in a 9 percent CD. Respondent Joseph Hiland failed to inform her that her CD would have a 20-year maturity date.

32. Ms. Gloria Perry Peragine understood that her investment would only be for a period of one year, and "there would be no problem in cashing it in a year."

33. Additionally, Ms. Gloria Perry Peragine indicated that Respondent Joseph Hiland failed to disclose any commissions that he would receive or that her CD would be a fractionalized interest in a broker issued CD from San Clemente.

34. It was Ms. Gloria Perry Peragine's understanding that if she "renewed" her CD after one year, it would decrease its return to 7 percent. However, no mention was made of the fact that the market value of the 20 year CD would vary based on the market established by San Clemente if she decided to sell her CD.

35. There was no mention made that Ms. Gloria Perry Peragine would lose a portion of her principal if she liquidated her CD before its term expired, nor was any mention made of the fact that the CD was callable by the issuing bank.

36. Respondent Joseph Hiland also failed to disclose to Ms. Gloria Perry Peragine that he was not registered an investment advisor, an investment advisor representative or a registered salesman or that CGI was not registered as a dealer or investment advisor in Arizona.

37. Ms. Gloria Perry Peragine emphasized that the liquidity of her investment in the CD was very important to her and that she couldn't leave her money in it for more than one year. Her prior investing experience was with bank CDs which had either a six month or one-year term. This factor was of particular importance to her because she is approximately 81 years old and if she lived to when her CGI CD matured, she would be 101.

38. On June 11, 1999, Ms. Gloria Perry Peragine gave CGI and Respondent Joseph Hiland her check for $40,000 payable to CIBC to invest in a brokered CD.

39. Ms. Gloria Perry Peragine also identified a letter from Respondent Joseph Hiland in which San Clemente certificates were referenced and mention was made of the fact that "our banks are FDIC insured."

40. After one year, Ms. Gloria Perry Peragine contacted Respondent Joseph Hiland to cash in her CD. At that time, she learned from Mr. Hiland that her interest in the CD was for a term of 20 years and he told her that he was as surprised as she was at the maturity date.

41. At that point, Mr. Hiland, in order to off-set a loss of her principal due to the MVA, offered her an opportunity to invest in a time share resort in Mexico which, if she rolled over her investment, offered her the opportunity to make up the difference on the CD loss.

42. On or about September 6, 2000, Ms. Gloria Perry Peragine received a check in the amount of $36,609.93 for the liquidation of her CD, which sum represented approximately a 10 percent loss of her principal, imposing a hardship upon her because of her limited financial resources.

43. Ms. Catherine N. Smith, a retiree from Prescott Valley, Arizona, testified that she had income of approximately $800 a month from Social Security and her ex-husband's pension. Her previous investment experience came from investing in bank CDs.

44. Ms. Smith learned about CGI in approximately November 1998 through newspaper and radio ads which promoted high paying interest on CD investments.

45. Subsequently, Ms. Smith contacted CGI and met with Respondent Joseph Hiland to discuss her desire to invest in a CD.

46. Ms. Smith recalled Respondent Joseph Hiland commenting that CGI's CD investments would be callable[4] in one year, paying 7 percent interest the first year and stepping down to 6 percent after that.

47. Respondent Joseph Hiland did not disclose that he was not a licensed investment advisor representative or that he was not a registered securities salesman. Additionally, he did not disclose that CGI was neither a registered securities dealer nor a registered investment advisory firm.

48. Ms. Smith emphasized that she was on a fixed income and, at her age, would not be interested in a 20 year CD because she was presently 76 years old and would be 96 when it matured.

49. On November 10, 1998, Ms. Smith invested $21,000 with Respondents CGI and Mr. Joseph Hiland by writing a check to Oppenheimer Corporation. Her intent and confusion were evident when she wrote her check because she noted that it was for a 6 month CD in the memo space of the check.

50. Approximately one month later, Ms. Smith invested another $10,000 with CGI and

[4] This feature was exercisable only by the issuing banks.

Mr. Hiland in another brokered CD that "was callable in one year."

51. At the time Ms. Smith made these investments with the Respondents, she was particularly concerned with their liquidity because she was in the process of building a house and would need the funds available for projects related to its construction. It was not disclosed to Ms. Smith that she was investing in a 20 year brokered CD.

52. Respondent Joseph Hiland failed to disclose what the phrase "callable in one year" would mean to an investor and Ms. Smith believed that it meant that the CD matured in one year.

53. Additionally, Respondent Joseph Hiland failed to disclose information concerning San Clemente's secondary market or the MVA for Ms. Smith's CDs in any of their discussions. Previously, Ms. Smith had never experienced any fluctuation in the value or the interest rates paid by her bank-issued CDs.

54. Respondent Joseph Hiland failed to disclose that Ms. Smith's CDs had been fractionalized from a master CD issued to San Clemente or what commission he would earn in return for the purchase of her two CDs.

55. In November 1999, Ms. Smith called CGI and spoke with Respondent Tyson Hiland and informed him that she would be coming in to CGI to collect her principal investment. At that time she was told that only the bank could call the CDs. He explained further that, if Ms. Smith persisted in cashing in her San Clemente CDs, it would cost her approximately $8,000 due to the MVA.

56. Ultimately, Ms. Smith cashed in her two CDs because she did not believe that she would be alive to collect the funds in 20 years and because she needed her funds to be liquid.

57. When Ms. Smith liquidated her two CDs, she suffered approximately a 15 percent loss of principal or $4,205 which is approximately 6 times her monthly income.

58. Ms. Smith indicated that, if she had known she would lose a portion of her principal from the CD investments offered by CGI, she would not have invested.

59. Although Ms. Smith indicated that she was unaware of the 20-year maturity date of her San Clemente CDs, Respondents provided evidence that she had received confirmations that reflected a maturity date of 20 years.

60. It was apparent from Ms. Smith's testimony that she believed the term "callable" could be equated with the word "matured".

61. When Ms. Smith invested, she had no idea which bank would be the issuing bank for her CDs. However, she confirmed that she received the interest payments which were due on them.

62. Based on the record, it was not disclosed to Ms. Smith that she would have to pay a penalty if she withdrew her investment prior to its maturity date and that the callability feature only applied to the banks if they wished to pay off their CDs.

63. The record also established that Ms. Smith's confirmation statement failed to disclose by whom the CD was callable.

64. Ms. Susan Heatherington, a self-employed Prescott Valley, Arizona resident, testified that she had previous investing experience in real estate, but lacked any current experience with CDs prior to her dealings with CGI.

65. Ms. Heatherington learned about CGI from a newspaper ad promoting one-year CDs which paid 9 percent interest in May 1999.

66. After reading the ad, Ms. Heatherington called CGI and subsequently met with Respondent Tyson Hiland. She told him that she had some money that she could invest for a period of one year before she would have to pay some capital gains taxes. She recalled telling him at least four times that she could only invest for a period of one year.

67. During their meeting, Respondent Tyson Hiland presented Ms. Heatherington with some promotional materials concerning CGI's various offerings. Although Respondent Tyson Hiland attempted to promote other offerings, Ms. Heatherington insisted on the CD offering because of her concerns that the funds not be tied up for more than one year.

68. Respondent Tyson Hiland failed to disclose that he was not registered as a securities salesman or as an investment advisor representative.

69. Ms. Heatherington recalled reviewing a CGI offering document referencing "never risking principal" and stated that this representation was important to her because she could not afford to lose money.

70. Ms. Heatherington's review of CGI's documents found no mention of any loss of

principal if CD funds were withdrawn before their maturity date.

71. CGI's promotional documentation provided to Ms. Heatherington with respect to San Clemente's CDs cited their safety, security, diversification and purportedly the fact that they were free from market risk and price fluctuation with principal and interest guaranteed.

72. On or about June 15, 1999, Ms. Heatherington gave Respondent Tyson Hiland a $25,000 check to invest in a CD. Ms. Heatherington believed that it was for a CD with LaSalle Bank and could be purchased from San Clemente in $5,000 units.

73. Respondent Tyson Hiland did not disclose to Ms. Heatherington that her CD had a 20 year term.

74. Respondent Tyson Hiland also failed to disclose the call feature on the CD or the existence of a secondary market that would reflect fluctuating market value depending on the prevailing interest rates.

75. Respondent Tyson Hiland also failed to disclose the commission which he would earn in connection with her $25,000 investment.

76. On its face, Ms. Heatherington's confirmation reflects a nine percent interest rate with a maturity date of June 24, 2019 and a call date of June 24, 2000. The call feature was noted with the further statement that, if the CD was not called by the bank within one year, the interest rate would be stepped down to seven percent.

77. Ms. Heatherington's confirmation statement from San Clemente's reflects the fact that the transaction was directed through CIBC, which was the clearinghouse to which she had made her check payable.

78. Ms. Heatherington remained unaware that her CD would not fully mature after one year until approximately May 2000, when she telephoned Respondent Tyson Hiland to learn how she could redeem her CD. At that time, she recalled Respondent Tyson Hiland informing her that she would lose a significant portion of her investment due to a "MVA penalty."

79. Ms. Heatherington was certain that Respondent Tyson Hiland had failed to disclose the possibility of any such penalty before or at the time she invested in the CD in June 1999.

80. It was at this point that she learned the true maturity date of her CD after she

investigated into CGI's background and learned that the firm was not a registered dealer.

81. Shortly thereafter, Ms. Heatherington received a letter from CGI signed by Respondent Tyson Hiland as "Senior Investment Advisor" who directed her to contact San Clemente in order to get a "bid" and sell her CD.

82. Upon liquidating her CD through San Clemente, Ms. Heaterington suffered a loss of $3,100 or approximately 12 percent of her principal for cashing in her CD before its maturity date.

83. Mrs. Louis Maass, a retiree from Prescott, Arizona, first learned about CGI from radio advertisements in early 1999 that described various investment opportunities.

84. In June 1999, Mrs. Maass and her husband contacted CGI and met Respondent Tyson Hiland.

85. Respondent Tyson Hiland provided Mr. and Mrs. Maass with some informational documents about CGI that stated it was a professional firm which specialized in financial services for business owners, executives and retirees.

86. Mrs. Maass recalled discussing CGI's offerings such as the tax lien certificate and viatical settlements.

87. Respondent Tyson Hiland provided the Maasses with a brochure on TLC. TLC's brochure describes the investment as without risks and a "safe fixed rate investment" with "guaranteed high returns."

88. Respondent Tyson Hiland failed to disclose that he was not licensed as an investment advisor representative or a registered securities salesman. Additionally, he failed to disclose that CGI was not registered as a securities dealer or as an investment advisor.

89. Respondent Tyson Hiland failed to disclose any risks involved in TLC or the amount of his commission if they invested in TLC.

90. On or about June 11, 1999, the Maasses invested $25,000 in TLC, giving a check for $25,000 to Respondent Tyson Hiland.

91. According to a so-called "real estate investment agreement" with TLC, Mr. and Mrs. Maass expected a return of 14 percent per year on their investment.

92. Subsequently, Mr. and Mrs. Maass received a letter from TLC informing them that a

certain property located in Corona, California, had been assigned to their account at a cost of $23,500.

93. On August 10, 2000, Mr. and Mrs. Maass rolled over their initial investment with TLC which again promised the Maasses a 14 percent return on their subsequent investment utilizing their original investment plus their purported $3,500 in earnings.

94. At the time, Mr. and Mrs. Maass assumed that they had a safe investment. Subsequently they learned that an enforcement action had been initiated against TLC by the Securities and Exchange Commission ("SEC") in a federal District Court in California for securities fraud.

95. After the SEC brought its action against TLC, Mr. and Mrs. Maass, in November 2000, learned that a receivership had been established with TLC's assets seized and frozen to protect investors.

96. As of the date of the hearing, Mr. and Mrs. Maass had not received any return on their investment in TLC.

97. As recently as February 15, 2001, Respondent Travis Hiland sent a letter to Mr. and Mrs. Maass seeking to reassure them that their investment through CGI in TLC was not yet lost as an attorney for a majority of the investors in TLC was seeking intervention in the proceeding in the United States District Court.

98. Mrs. Maass invested a second time with CGI on September 7, 1999, when she and her husband gave Respondent Tyson Hiland a check for $25,000 for a brokered CD offered by CGI that was to pay them 9 ¼ percent for what they thought was one year.

99. Mr. and Mrs. Maass' believed that their investment in a San Clemente CD would be for a period of one year based on their prior experience with banks, savings and loans and credit unions.

100. Due to inadequate disclosure, Mr. and Mrs. Maass had no idea that their CD was a brokered CD and had a term of 15 years. Mrs. Maass testified that if she had known she was purchasing a 15-year CD, she would not have invested because she is 66 years old.

101. Respondent Tyson Hiland also failed to disclose to Mr. and Mrs. Maass that a penalty

would be incurred if they chose to withdraw their principal from the CD investment before the maturity date in 2014.

102. During discussions with Respondent Tyson Hiland, Mrs. Maass could not recall any discussion concerning the one year call feature of CGI's CDs, any information about a secondary market or that the value of the CD was subject to fluctuation depending upon prevailing interest rates.

103. Further, Respondent Tyson Hiland failed to disclose to Mr. and Mrs. Maass the amount of commission he would earn from the sale of the CD.

104. Mrs. Maass testified that approximately one year after investing in the CD, she and her husband were contacted by a CGI representative who indicated that there was a problem with the CD investment and that investors were being notified.

105. Shortly thereafter, Mr. and Mrs. Maass met with Respondent Tyson Hiland who recommended that they cash in their CD and invest the remaining principal in something known as a "universal lease plan." They were promised that they could make up the difference on the loss of principal from the liquidation of their CD if the investment was rolled into the universal lease plan involving the leasing and management of properties by third parties of a property known as "Yucatan Resorts" in Yucatan, Mexico.

106. On or about July 24, 2000, Mr. and Mrs. Maass were notified that their CD had been sold resulting in approximately a $2,500 loss or 10 percent of their investment, but they permitted the monies from the liquidation of their CD to be rolled over into the universal lease investment program.

107. The only disclosure Mr. and Mrs. Maass received before investing in the lease program was a one page flier; however, Respondent Tyson Hiland promised them that at the end of 24 months, they would received 100 percent of their principal from the CD investment ($25,000). It was disclosed that there was a 10 percent penalty if they cashed out of the lease plan in the first year and a 5 percent penalty in the second year.

108. Mr. and Mrs. Maass were told that if they made the investment in the lease plan, CGI would make up the difference from what they had lost on their investment in the CD. Prior to the investment in the lease plan, it was not disclosed to Mr. and Mrs. Maass that the investment actually involved a timeshare resort.

109. In early 2000, Mrs. Maass contacted Respondent Tyson Hiland to learn about other investment opportunities (not yet realizing there was a problem with their CD investment) and she and her husband were informed about opportunities to invest in a viatical settlement contract through Carrington Estate Planning ("Carrington").

110. Although the concept sounded "morbid" to Mrs. Maass, after discussing this form of investment with Respondent Tyson Hiland, who failed to provide any documentation or disclose any risks, Mr. and Mrs. Maass on or about February 11, 2000 invested an additional $25,000 with CGI in a viatical settlement.

111. Although Mrs. Maass recalled Respondent Tyson Hiland advising her that there was no guarantee when the insured party under the viatical contract would die, he failed to disclose the amount of his commission on this investment.

112. The Maasses' viatical investment was actually split into portions of two policies which entitled them to a fraction of the death benefits on both policies when the insureds died.

113. Mrs. Maass further testified that although there was no written disclosure on her investment documents relating to the viatical contracts, she had been informed that she and her husband could expect a return of approximately 12 percent on their viatical investments.

114. Although documents dated March 31, 2000, related to the Maasses' viatical investments indicated that the viators (insureds) had life expectancies of 12 months or less, as of the date of the hearing, Mrs. Maass was unaware if either had died, and had not yet received any return on the viatical investments.

115. Although Mr. and Mrs. Maass had rolled over their CD investment into the Yucatan program as a means for them to recover their loss from the CD program, they elected to terminate their investment in the Yucatan program prior to the required 24 months needed for recovery of principal on their CD and in approximately March 2001 recovered the $22,500 which had been returned to them from their CD investment.

116. Mrs. Maass further pointed out that although she and her husband had attempted to recover their funds invested in the viatical contracts, they have been unable to recover their investment or get any information from Carrington.

117. Although Mr. and Mrs. Maass believed that they were the owners of their viatical contracts, when they contracted the insurance companies, they learned that the policies were owned by Carrington and the companies would not provide them information on whether they were listed as beneficiaries on the policies.

118. In April 1999, Mrs. Nancy del Valle and her husband, former residents of Prescott, Arizona, first learned about CGI when they read a local newspaper advertisement offering a high rate of return without risk to their investment.

119. Subsequently, in July or early August of 1999, Mr. and Mrs. del Valle met with Respondent Tyson Hiland at CGI's offices and primarily discussed the brokered CD investment program since it was touted to be safe and have a high rate of return.

120. At the del Valles' initial meeting with Respondent Tyson Hiland, he provided them with a promotional brochure captioned "Certificate Profile" which described CGI as an industry leader with over 35 years of experience in the business and personal finance market. The brochure emphasized high yields without risk for CGI's CDs, TLC programs, viatical settlements and annuities.

121. The brochure failed to disclose that CGI's CDs had an early withdrawal penalty if an investor cashed out before the term expired.

122. Mrs. del Valle testified that the most important concern which they had in their investing activities was to protect their principal and to protect it against any losses.

123. Prior to investing in CGI's programs, Mrs. del Valle had invested in CDs with banks that offered terms varying from 3 months to one year. With bank CDs, at the end of the term, Mrs. del Valle always received back her full principal investment plus her interest.

124. The only apparent difference that Mrs. del Valle could see between those which she had prior experience with and those offered by CGI was that CGI's paid a higher percentage rate than those offered by the bank. She did not remember Respondent Tyson Hiland ever mentioning anything to indicate that an investment in a CGI CD would be for a term of 20 years. If he had disclosed this information, she and her husband would not have invested.

125. On August 11, 1999, Mrs. del Valle invested $20,000 in CGI's brokered San

Clemente CD program which promised to earn her a return of 9 ¼ percent interest on the investment.

126. Respondent Tyson Hiland failed to disclose that he was neither a registered securities salesman nor a licensed investment advisor representative. Respondent Tyson Hiland also failed to disclose that CGI was neither registered as a securities dealer or licensed as an investment advisor in Arizona. Additionally, Respondent Tyson Hiland failed to disclose that if the del Valles withdrew their funds prior to the 20-year maturity date, they would incur a penalty and he also failed to disclose the CD's callability feature by the issuing bank.

127. At no time did Respondent Tyson Hiland disclose the amount of commission he would earn in connection with the sale of the del Valle's$20,000 CD.

128. Subsequently, on October 19, 1999, the del Valles invested $45,000 in a second brokered CD believing again that the CD would have a term of one year and be payable at 9 ¼ percent when, in fact, this CD had a 15 year maturity date.

129. In June 2000, the del Valles learned that the CDs they had purchased from CGI and Respondent Tyson Hiland did not have one-year maturity dates, but instead that they had the extended maturity dates.

130. On or about July 25, 2000, the del Valles received confirmation that their $45,000 CD had been sold at their direction returning them only $39,609 of the principal for approximately a $5,400 loss or 12 percent of their investment.

131. At or about this time, the del Valles liquidated their $20,000 CD receiving back approximately $17,000 which equates to a loss of approximately $3,000 or 15 percent.

132. During this timeframe, the del Valles were told by Respondent Tyson Hiland that CGI was "looking around for a better investment for their clients who held the CDs" and were told about DNE's money voucher machine program and a timeshare program in Mexico.

133. The del Valles were not interested in the Mexican timeshare investment but were interested in the money voucher machine program.

134. Respondent Tyson Hiland explained how investors could purchase (for $4,000) a machine and DNE's management company would place it at a location where people could obtain cash vouchers by using their credit cards in the machine which would charge that transaction against

their credit cards.

135. It was explained to Mr. and Mrs. del Valle that the machine would charge a $2.00 transaction fee and that they would receive $.60 for each transaction and that DNE would divide the rest of the $2 transaction fee with the owner of the location. Very little documentation was provided to Mr. and Mrs. del Valle before they invested in this program.

136. The del Valles were enticed into investing in this program because Respondent Tyson Hiland indicated that CGI would make up 10 percent of their loss of principal on their CDs from his commission on the money machine program and with additional monies from DNE.

137. Respondent Tyson Hiland represented that Mr. and Mrs. del Valle could expect approximately a 16 percent rate of return if they invested in the DNE money voucher machine program. He also pointed out that in the event their rate of return fell below 16 percent, at the end of each quarter, as investors in the program, they could opt to sell their machines back to DNE and receive 100 percent of their principal that they had invested.

138. On August 11, 2000, Mr. and Mrs. del Valle invested $58,259 of their own funds for 16 money voucher machines which were to cost $64,000, with the remaining monies purportedly paid by Respondent Tyson Hiland and DNE to complete the purchase price.

139. In order to ensure the proper operation of their money voucher machines, Mr. and Mrs. del Valle entered into a contract with DNE because they did not have the inclination or the skill necessary to operate the money voucher machines and instead relied on the expertise and skills of DNE.

140. It took four months for the del Valles to receive their first check from DNE for approximately $854 for one month's operation of their money voucher machines.

141. Mrs. del Valle also disclosed that at the time she invested in the CDs, she and her husband also invested in some annuities, a TLC tax lien certificate and an interest in a viatical settlement.

142. Promotional materials provided to the del Valles with respect to the tax lien touted an expected rate of return of from 12 to 14 percent and that their principal would remain "complete and intact."

143. According to Mrs. del Valle, their tax lien investment funds would be pooled with the funds of other investors and utilized to purchase properties with tax liens on them and to make improvements. TLC's management company was to see that the properties were refurbished and sold for a profit that was to be distributed to investors.

144. On August 11, 1999, convinced that the tax lien program was a secure investment, Mr. and Mrs. del Valle invested $115,000 in that CGI program.

145. Subsequently, on November 4, 1999, Mr. and Mrs. del Valle invested a second time with TLC when they invested an additional $60,000 with CGI in the tax lien program.

146. Because the del Valles believed that their tax lien investments were progressing and earning interest, in August 2000, Mr. and Mrs. del Valle rolled over their initial $115,000 investment with TLC plus a purported $16,000 worth of interest into another one year tax lien certificate again purportedly to pay 14 percent interest.

147. At no time did Mr. and Mrs. del Valle receive any payments of principal or interest back from TLC.

148. On or about November 2, 2000, Mr. and Mrs. del Valle received a letter from Robb Evans, a receiver firm appointed by the United States District Court for the Central District of California, Southern Division, who had been appointed as a temporary receiver for TLC and related companies' assets in a Securities and Exchange Commission ("SEC") fraud action.

149. Mr. and Mrs. del Valle are hopeful that they might receive up to $.50 on the dollar on their investment, but this is not a guaranteed amount.

150. After getting the receiver's letter, Mr. and Mrs. del Valle contacted CGI and learned that TLC had been operated as a Ponzi scheme and investment monies had been diverted for purposes other than purchasing tax distressed properties.

151. According to Mrs. del Valle, with respect to their viatical settlement investment, few risks were ever pointed out by Respondent Tyson Hiland prior to their $50,000 investment upon which she was promised a 38 percent rate of return by Mr. Hiland. As of yet, they have not received any monies on this investment.

152. Although Mrs. del Valle acknowledged receiving offering documents from CGI

which, on their face, indicated a maturity date beyond one year, she went on to state that Respondent Tyson Hiland had failed to disclose or point it out to her that the CD document had a maturity date far beyond the one year term that she expected it to be.

153. Based on the record, the only investment in which the del Valles are receiving a return as expected appears to be the money voucher program from which they are receiving checks of approximately $850 a month.

154. To further support its allegations, the Division called Ms. Julia Reinhold, a former insurance salesperson, who worked for CGI for approximately 5 or 6 weeks starting in July 2000. She was terminated later over commission disputes.

155. Although Ms. Reinhold was hired as an insurance agent, since she had no clients, she made client service calls for CGI and spoke with some clients who were surprised that their CDs had 20 year terms. She stated that "close to 0 percent knew they had a long-term CD."

156. Ms. Reinhold made appointments for CGI investors who had invested in CDs to come in and speak with representatives of CGI with regards to rolling over their CD investments into a Yucatan timeshare program in order to cover loses resulting from penalties on the early sale of their interests in the CDs.

157. Ms. Reinhold explained that the entity offering the Yucatan timeshares would cover 5 percent of an individual's CD penalty and if, for instance, the penalty totaled 8 percent, then CGI would "kick in 3 percent of their commission."

158. In this way, according to Ms. Reinhold, CGI was able to cover up to a 15 percent penalty that may have been applied to a particular CD held by an investor.

159. CGI was able to do this because it received a 13 percent commission from the issuer of the Yucatan timeshare interests.

160. During the approximately 6 weeks that Ms. Reinhold worked for CGI, she recalled approximately 8 to 10 investors who rolled over their CD investments into interests in the Yucatan timeshares.

161. Another former CGI employee from April, 1998 through May, 1999, Ms. Michelle Webb, had previously been licensed as a securities sales representative before working for CGI.

162. Ms. Webb was approached by Respondent Joseph Hiland in the first part of 1998 to work as independent contractor to expand and diversify CGI's investment options from just the insurance programs offered previously into stocks, bonds and mutual funds, because she was a registered securities salesperson with San Clemente.

163. When Ms. Webb began working with CGI, Respondent Joseph Hiland was primarily dealing in insurance sales, but he subsequently began to sell CDs and tax lien certificates.

164. While at CGI, Ms. Webb indicated that she had sold CDs, tax lien certificates and viatical settlements.

165. Ms. Webb's impression was that Respondent Travis Hiland primarily worked as an office manager and that Respondents Joseph and Tyson Hiland were involved in the sales of the various investment programs.

166. According to Ms. Webb, although Respondents Joseph and Tyson Hiland were not registered securities salesmen, they would begin the process of opening an investor's account for a brokered CD, accept payment and overnight the paperwork to San Clemente, where the documents were completed and executed by a registered securities salesman.

167. Ms. Webb became concerned with the way in which the fractionalized CDs were being offered and sold by CGI and this resulted in disputes between Ms. Webb and Respondent Joseph Hiland. She indicated that as early as November 1998, Respondents were aware of the MVA.

168. While testifying against CGI and the other above-named Respondents' sales activities, both Ms. Webb and Ms. Reinhold acknowledged that they had initiated separate legal proceedings against the Respondents over commission disputes.

169. Mr. Kenton Johnson, a partner in Robb Evans, a California firm engaged in handling the receivership of TLC, also testified in support of the Division's allegations against Respondents. In October 2000, his firm was appointed by the United States District Court to be TLC's receiver in the SEC action.

170. TLC had been placed in receivership following the SEC filing of documentation detailing the sale of unregistered securities in a fraudulent manner coupled with the misapplication of millions of dollars of investor funds as the result of a Ponzi scheme. Mr. Johnson stated that the

losses were caused by poor real estate investments, the misapplication of approximately $5.5 million on race horses and racing dogs, a $10 million investment in a prime bank scheme and $20 million was paid out to brokers in commissions. The receiver also found instances of personal travel on a chartered jet aircraft by principals in TLC.

171. Mr. Johnson estimated that, after marketing expenses related to the receivership, approximately $65,000,000 worth of assets will remain for distribution to beneficiaries under the receivership. He estimated that investors would receive approximately 50 percent of their investments back.

172. Mr. Johnson noted that real estate properties controlled by TLC were either impaired or distressed, but others varied in value, and in some cases, had no apparent defects.

173. From Mr. Johnson's review of computer records seized from TLC, he determined that its investment programs each involved real estate investments.

174. According to Mr. Johnson, during 1999, CGI raised at least $2,187,000 in investor funds with TLC investment programs.

175. Mr. Johnson further testified that there was no evidence that Respondents had been involved with the inner workings of TLC other than to secure investors in its investment programs.

176. To further support its case, the Division called a regional counsel of the National Association of Securities Dealers ("NASD") of District Two from Los Angeles, California, Mr. David Greene.

177. Mr. Greene testified that he was familiar with San Clemente's actions in the marketing of their fractionalized brokered CDs as a result of a NASD action that resulted in approximately six settlements with individuals and entities including San Clemente, its principals and certain representatives. The NASD action involved fraud that resulted from intentional misrepresentations of material fact in connection with the sale of San Clemente's brokered CDs.

178. However, Mr. Greene went on to indicate that the NASD action against San Clemente involving brokered CDs that were "custodialized" through UCC, the wholly-owned subsidiary of San Clemente, and not CIBC which appeared to be the custodian of the CDs sold to CGI's investors.

179. According to Mr. Greene, with respect to every UCC CD that he looked at or

reviewed, although an investor would believe that the full amount of their invested funds would be utilized to purchase a CD, approximately 4 percent of their investment would be utilized for fees and commissions charged to the investor.

180. Contrary to the evidence in this proceeding, Mr. Greene was unaware of any involvement of San Clemente in the operation of CIBC, and he apparently had not reviewed any CDs involved in this proceeding.

181. A Division investigator, Mr. Gary Kirst, visited a branch office of CGI at the Fiesta Mall in Mesa, Arizona where he discussed the money voucher machine program and the Yucatan program and secured some business cards including Respondent Joseph Hiland's which described him as a Certified Senior Advisor.

182. While at CGI's Mesa office, Mr. Kirst spoke with Respondent Joseph Hiland concerning the money voucher machine program.

183. During the Division's investigation, Mr. Kirst reviewed documents provided by the Respondents which indicated that CGI sold approximately 30 money voucher machine investments, 281 CD investments, 149 viatical contracts and 92 tax lien certificates.

184. An additional Division witness, Mr. Michael Donovan, who is a senior financial institution examiner with the Division, previously worked as a registered salesman for approximately 16 years and has been employed by the Division for the past four years.

185. In May 1999, Mr. Donovan conducted an examination of CGI which he termed a "branch office of San Clemente" where he found that the Respondents had been engaged in the offer and sale of brokered CDs and other offerings.

186. During Mr. Donovan's examination of CGI, he found many of the brochures identified by other investors and which described the offerings made by CGI.

187. Following up on Mr. Donovan's examination of CGI was an examination at San Clemente's California home office in approximately September 1999 where he found advertising materials that appeared in the Daily Courier in Prescott, Arizona promoting a 9 percent guaranteed one-year return FDIC guaranteed CD and a 12 percent tax free rate of return in an unspecified investment.

188. Based on the ad that appeared in the Daily Courier, Mr. Donovan concluded that it was reasonable to presume that it was a one-year CD and not the longer term brokered CDs offered and sold by San Clemente.

189. Mr. Donovan had conducted his examination of San Clemente in order to determine whether its CDs entitled them to an exemption from registration under the Act.

190. During his examination of San Clemente, Mr. Donovan also saw other CGI promotional materials which featured Respondent Joseph Hiland's photograph and contained a description of a CD it was offering as "the hottest certificate in town, 12 percent guaranteed one-year return."

191. During his examination of San Clemente, Mr. Donovan found documentation that Respondent Joseph Hiland had sold approximately 50 CDs between October 1998 and June 1999. During the same period, the documents revealed that Respondent Joseph Hiland sold two tax lien certificates and five viatical contracts.

192. Mr. Donovan went on to describe the difference between a traditional CD offered and sold by a bank which has a fixed rate of return for a fixed period of time and a guaranteed return of principal at the end of the term. The instrument has the financial backing of the institution along with federal insurance issued by either the FDIC or the FSLIC. In the majority of instances, there is a direct relationship between the financial institution and the investor who is a depositor at the bank. With respect to brokered CDs, Mr. Donovan explained that there is an intermediary between the issuing bank and the investor as in this case, San Clemente.

193. With respect to a San Clemente CD, San Clemente held what is called a "master CD" that was fractionalized out to the individual investors and San Clemente's CDs also had a "call" feature exercisable only by the issuing bank.

194. Although the evidence established that federally backed insurance is available to the holder of a traditional bank CD, in the instance of the brokered CDs which have been fractionalized here, the record was not entirely clear whether the holder of the brokered CD would be known to the banking institution which had issued the master CD to the broker dealer that had fractionalized it.

195. Mr. Donovan also pointed out that traditional CDs issued directly from a banking

institution to an investor do not normally have the callability feature.

196. Because brokered CDs are generally for longer terms, San Clemente maintained a secondary market for their fractionalized CDs which were subject to the MVA due to fluctuations in interest rates. Additionally, if the seller of brokered CDs did not established and/or maintain a secondary market, investors would have little, if any, options but to hold their long term CDs until maturity.

197. Another significant difference between traditional CDs and brokered CDs is the step-down provision that allows the brokered CDs to pay a higher interest rate during its first year and then it drops down to a lower rate of interest until its maturity date.

198. Based on Mr. Donovan's investigation, he did not believe that San Clemente had taken the steps necessary to identify individual investors as the beneficial owners of the fractionalized CDs who should receive federal insurance in the event of a default by the issuing bank.

199. According to Mr. Donovan's investigation, UCC, the wholly-owned subsidiary of San Clemente, was shown as the beneficial owner on the master CDs from the issuing banks even if CIBC was the clearing agent.

200. The record did not establish with respect to the brokered CDs offered and sold by San Clemente whether UCC or CIBC actually had physical custody of the master CDs.

201. Based on the record, Mr. Donovan believed that if the brokered CDs had FDIC insurance which could pass to the beneficial owner, then these securities would be exempt from registration. However, the evidence from San Clemente was without sufficient documentation to establish that individual investors were listed with the bank as the beneficial owners of the brokered CDs.

202. Under cross-examination, Mr. Donovan acknowledged that his understanding of the federal insurance program to guarantee the payment of principal to investors in the event of a default by the banks was based on hearsay.

203. Mr. Donovan was unable to identify any CD transaction involving CGI and its investors that had been cleared through UCC rather than CIBC.

204. However, based on the recollection of Mr. Donovan with the president of San

Clemente, Mr. Cooke Christopher, the beneficial owners of CDs in early transaction were not identified to issuing banks. No evidence was presented whether these investors were clients of CGI.

205. In some instances, Mr. Donovan found evidence that individual investors were shown as the beneficial owners of the brokered CDs.

206. Following the presentation of the Division's evidence, CGI and the individually named Respondents either testified on their own behalf, called witnesses to attack the character of certain of the Division's witnesses and also called several investor witnesses.

207. Ms. Barbara Wigent, who was formerly employed by Ms. Webb as a clerical worker from March until April 2000, testified that she had seen or knew that Ms. Webb had been involved in forging signatures including Respondent Joseph Hiland's signature on documents.

208. Another employee of CGI, Ms. Sharyn White, who is CGI's office manager, testified that while not being engaged in sales presentations, she was aware of the manner in which various offerings were made.

209. Ms. White maintained that Respondent Joseph Hiland consistently made a clear presentation concerning the brokered CDs to prospective investors. She also stated that Respondents Travis and Tyson Hiland followed the lead of Respondent Joseph Hiland in their presentations.

210. Ms. White contended that only a few customers were confused about the extended term of the CDs offered and sold by CGI.

211. Ms. White terminated Ms. Reinhold's employment because she (Ms. White) felt that Ms. Reinhold was detrimental to the office and characterized her as a disgruntled, prejudiced former employee.

212. Mr. Paul Wesson, a 79 year-old retiree from Prescott, Arizona, testified on behalf of CGI and Respondent Joseph Hiland with respect to his purchased of two brokered CDs, one with a term of 15 years and one with a term of 20 years.

213. According to Mr. Wesson, these CDs are part of a living trust which will pay the income to him while he is alive and after he passes away, his children will inherit the income and the principal held by the trust. Unlike other investor witnesses, Mr. Wesson was aware of the interest rate step-down and the pre-payment penalty or MVA if the CDs were liquidated earlier than their

maturity dates.

214. An additional investor witness called by the Respondents, Mr. Lyle McDonald from Dewey, Arizona, dealt with Respondent Joseph Hiland and invested in CGI's brokered CDs and annuities.

215. Mr. McDonald was aware of the pre-payment penalty which existed on the brokered CDs and the fact that his CD had a 20-year term instead of a one-year term.

216. Although Mr. McDonald was 77 years old, he was enticed to invest by the higher interest rate on the first year of the CD and, since he did not need the funds in the foreseeable future, was willing to leave the CD to his heirs.

217. However, at times, Mr. McDonald's testimony was somewhat confusing and it did not appear that he had a clear understanding of his investment because he referenced a callability feature by Conseco, an insurance company.

218. Respondent Joseph Hiland acknowledged that he was a principal in CGI and had been an insurance agent for 37 years. He was also involved in consulting and financial planning work.

219. In approximately 1995, he started CGI, specializing in employee benefits plans, group health insurance, group disability, and other business insurance products.

220. Approximately three years ago, as a result of its employee benefits business, Respondent Joseph Hiland decided that CGI should emphasize financial planning utilizing the sale of individual life insurance sales and disability contracts. Subsequently, he expanded the focus of the types of products that CGI was offering after he was contacted to market CDs and told that it would result in the development of other lines of business for his firm.

221. In 1998, Respondent Joseph Hiland was introduced to San Clemente and its principals, Mr. Tom Sunderland and Mr. Cooke Christopher.

222. San Clemente was introduced as the "biggest marketer" of CDs in California. At this point, Respondent Joseph Hiland was introduced into the marketing arena of brokered CDs which had extended maturity dates of 15 to 20 years and also featured a stepped-up interest rate for the first year which was reduced by two points for the remainder of their terms.

223. According to Respondent Joseph Hiland, San Clemente's Mr. Sunderland, who was a

registered securities salesman, advised him that CGI and its sales representatives did not need to be registered to sell CDs.

224. Respondent Joseph Hiland also pointed out that in these early stages, he was unfamiliar with the differences between traditional CDs and broker issued CDs.

225. Because of Respondent Joseph Hiland's inexperience, when the Respondents contacted the Division to learn whether they had to be registered securities salesmen in order to sell CDs, no mention was made that the Respondents would be dealing in brokered CDs and not traditional CDs issued by banks which would be exempt from registration. As a result, they were told that CDs were not securities and the Respondents did not pursue the issue of becoming licensed securities salesmen further at that time.

226. In approximately August 1998, Respondents began selling brokered CDs, viatical settlements, tax lien certificates and annuities.

227. Respondent Joseph Hiland testified that because of his background in the insurance business, he was aware of viatical settlement offerings being made in his industry and began to market the products of Carrington, a Phoenix area seller of viatical settlements.

228. According to Respondent Joseph Hiland, CGI became engaged in the marketing of viatical settlements and tax lien certificates after he or one of the other co-Respondents read a promotional ad in a magazine or insurance journal and made follow-up inquiries.

229. Prior to engaging in the offer and sale of TLC's tax lien certificates, the Hiland Respondents attended a seminar concerning TLC's offering in order to learn more about the nature of this form of investment, but since it was purportedly backed by real property, the Respondents felt it represented a secure investment.

230. According to Respondent Joseph Hiland, he and Respondents Tyson and Travis Hiland offered and sold the brokered CDs through a uniform presentation that he developed using a diagram for prospective investors in order to explain the callability feature by issuing banks, the longer maturity dates and the step-down of interest rates after one year. Investors were specifically told the brokered CDs were insured by the FDIC.

231. Respondent Joseph Hiland also maintained that the Respondents pointed out to

prospective investors that a penalty would attach to an early termination of a brokered CD due to the MVA.

232. Although the Division's investor witnesses testified that they were concerned with the lack of liquidity in their CDs and that they were unaware of the situation when they invested, according to Respondent Joseph Hiland, the issue had been addressed by the Respondents.

233. CIBC's confirmations supported the Respondents' claims of FDIC insurance on the brokered CDs.

234. Respondent Joseph Hiland denied the allegations made by Ms. Gloria Perry Peragine against him.

235. Respondent Joseph Hiland also denied the allegations made against him by investor Ms. Catherine Smith.

236. In a number of instances, Respondent Joseph Hiland denied that he intended to mislead investors utilizing CGI's promotional brochures claiming that the brochures were couched in general terms.

237. Respondent Joseph Hiland denied that he had any idea that the principals involved in TLC were diverting funds to purposes other than those promoted to CGI, the other Respondents and investors.

238. CGI utilized promotional advertising referring to higher than normal rates of interest with a one-year term on its CDs in order to get people to call and make inquiries and when they "would come in and we would talk to them, and we would thoroughly explain how a callable step-rate CD worked."

239. Respondent Joseph Hiland's explanation of a brochure was "it may be incomplete because we didn't put the seven percent there, but this is an advertisement." However, Mr. Hiland failed to give an explanation as to why the lowering of the interest rate was omitted other than it was "an advertisement."

240. Respondent Joseph Hiland described the acrimony that occurred when Ms. Webb was discharged on May 27, 1999 after he discovered that she and his bookkeeper were attempting to take accounts from his firm and open their own office.

241. Although Respondent Joseph Hiland claimed that a letter he sent in July 1999 to the Division stating that the Respondents began their sales of CDs at that time was a mistake, he could not explain the inconsistency after he admitted the sale of CDs in late July 1998/early August 1998, which is contrary to the letter and documentation sent with it. The later assertion (July 1999) coincided with the period in which he became a licensed securities salesman.

242. During the time in which CGI promoted itself as a "professional firm specializing in financial services", neither it or nor its representatives were licensed as either an investment advisor or investment advisor representatives, respectively.

243. Although CGI and the other Respondents maintain that CDs which had been called by the issuer banks resulted in no loss of principal to the investors, late filed documentation did not establish whether this was the case.

244. Respondents failed to provide any documentary evidence that the brokered CDs were specifically covered with FDIC or FSLIC insurance for the individual investors rather than the holder of the master certificate, in this case, San Clemente. While it should be noted that CIBC's confirmations consistently referenced federal deposit insurance, there was no evidence to determine who would benefit in the event of a default.

245. Respondents, in representing that the brokered CDs were covered by federal deposit insurance, were purportedly relying upon representations of representatives of the banks and other third parties.

246. Respondent Joseph Hiland acknowledged that he had offered to make up losses to some investors who suffered losses when cashing in their CD investments before their maturity dates by rolling their investments into the Yucatan time-share investment.

247. Respondent Joseph Hiland further acknowledged that he failed to disclose that CGI would earn a 13 percent commission when the investor invested in the Yucatan offering.

248. With respect to a letter which he had sent to investor Gloria Peraginie, Respondent Joseph Hiland admitted that documentation concerning CGI's CD offering did not mention that the CD had the following features: a 20 year maturity date; a call feature to exercised by the financial institution; and there was no mention of the MVA in the secondary market for the CDs which had

been established by San Clemente.

249. Based on the record, there was very little evidence of a due diligence investigation with respect to the viatical settlements or TLC.

250. In a number of instances, Respondent Joseph Hiland was unresponsive to questions concerning his presentation of the viatical settlement offering.

251. Respondent Joseph Hiland admitted that he was unaware that the Act had been amended in July 2000 to define a viatical settlement as a security.

252. After Respondent Joseph Hiland admitted telling investors that an investment with TLC would be safe and secure, he was unable to explain how the investment would earn profits that could be paid out to investors.

253. Respondent Joseph Hiland admitted that the total amount of investments made by Arizona investors into CGI's TLC offering alone was at least $2,187,000.

254. Respondent Joseph Hiland was evasive when questioned about the money voucher machine offering and how he explained the risk of loss of principal to prospective investors.

255. Respondent Joseph Hiland failed to explain why documentation concerning the brokered CDs did not disclose that an investor would be subject to a MVA if he cashed out of his CD before its maturity date.

256. Respondent Joseph Hiland was also unable to explain why investors were unaware of the basis of the transaction which would recapture their lost principal from their CD investment if they invested their monies for another two years in the Yucatan timeshare program.

257. The record established that CGI gave investors three choices if they wished to cash out of their brokered CDs at the end of the first year or before their maturity date as follows: investors could continue to retain their interest in their CD and receive interest until it was called or it reached its maturity date; investors could withdraw their funds and suffer a loss based on the MVA; and if investors wished to liquidate their CDs and recover their lost principal due to the MVA, they could roll over their investment into CGI's Yucatan program for another 24 months to recover their loss of principal.

258. Respondent Travis Hiland testified that he was involved in sales for CGI and also

created marketing materials for the offerings made by CGI.

259. Respondent Travis Hiland had been licensed as a life insurance salesman for 10 years prior to becoming involved in the offerings in the instant proceeding.

260. Respondent Travis Hiland also maintained that CGI had investigated the requirements of being registered with respect to the sale of brokered CDs and insisted that he had been advised by the Division, the NASD and others that a license was not required.

261. The training that CGI's representatives received with respect to the offer and sale of the brokered CDs by San Clemente had been limited to an individual involved in marketing the sale of brokered CDs and "more extensively" by San Clemente officials.

262. Respondent Travis Hiland insisted that he warned investors that if they liquidated their CD prior to its maturity date or prior to its being called, they would be subject to "some kind of variable penalty, which is market value adjustment."

263. Respondent Travis Hiland identified an advertising brochure which promoted a 9 percent guaranteed one year FDIC insured CD, but made no mention that CGI's brokered CDs had extended maturity dates and were subject to MVAs.

264. With respect to the money voucher machines, Respondent Travis Hiland maintained that investors had a guarantee from DNE to protect their principal and projected returns which were to be paid to them. In the event that the machine was stolen, purportedly insurance would cover the loss and make the investor whole.

265. Although Respondent Travis Hiland was aware of the MVA which would come into play in the event that a CD was liquidated, he was unable to explain in any way whatsoever how the MVA was calculated and what amount an investor would receive if they cashed out of their CD prior to its date of maturity.

266. Respondent Tyson Hiland, who worked primarily as a sales representative of CGI, has been licensed as an insurance agent since December 1998.

267. After initially being involved in the sale of group medical insurance, Respondent Tyson Hiland testified that he had started dealing in various offerings, such as annuities and CDs.

268. Respondent Tyson Hiland was trained to make his sales presentations of the various

investment products offered and sold by CGI by Respondents Joseph and Travis Hiland.

269. With respect to the CDs, Respondent Tyson Hiland testified that he had discussed the MVA with investors admitting that he had no idea what it would be if an investor had a need to liquidate his CD before it reached its maturity date.

270. Respondent Tyson Hiland denied that investor Susan Heatherington had informed him that she needed to get her money out of her CD within one year. He also denied that she had told him that she needed the money in order to pay taxes.

271. With respect to Respondent Tyson Hiland's dealings with investor Catherine Smith, he recalled that she had not expressed any displeasure with CGI or her investment in her CD until she appeared to testify in support of the Division's allegations.

272. Respondent Tyson Hiland, in describing his sales presentations, spoke in terms of "teaching" investors about the offerings.

273. In all instances, Respondent Tyson Hiland maintained that he had made a thorough presentation to investors who testified in support of the Division's allegations.

274. Respondent Tyson Hiland believed that Mrs. Lois Maass understood the ramifications of an investment in a viatical settlement and willingly accepted the alternative of a Yucatan investment for two years in order to recover her loss resulting from the MVA when she liquidated her CD.

275. Respondent Tyson Hiland denied that he had pressured Mrs. Maass into the liquidation of her CD.

276. Respondent Tyson Hiland described the receivership of the TLC program as the triggering factor for Mrs. Maass' decision to liquidate her viatical settlement, the Yucatan program, and her tax lien certificate.

277. Respondent Tyson Hiland indicated that due to the TO, he could only help her liquidate her Yucatan investment because the TO restrained action on the viatical settlements and TLC.

278. Respondent Tyson Hiland diversified Mr. and Mrs. del Valle's investments into almost all of CGI's various financial offerings and maintained that he thoroughly explained how the

programs operated.

279. Respondent Tyson Hiland denied that he had left out any information or given Mr. and Mrs. del Valle false information, and they did not become unhappy with CGI's services until after TLC went into receivership.

280. Respondent Tyson Hiland was unaware where, in CGI's promotional documentation, the call feature of San Clemente's CDs was discussed.

281. Under cross-examination, Respondent Tyson Hiland was unable to explain how the TLC investment program could pay a fixed rate of interest to an investor.

282. Respondent Tyson Hiland was unaware what would happen to a viatical investor's investment if a lapse in the payment of insurance premiums occurred.

283. Upon the conclusion of rebuttal testimony to the Division's allegations by the Respondents, the Respondents had admitted into evidence Exhibit R-2, a list of ten investors who had invested in the brokered CD program and who purportedly had their CDs called by the issuing financial institutions receiving back the full face value of their fractionalized CDs. Although this hand-written list included the interest rates which the investors earned, it did not reflect the total amount of interest paid monthly to the individual investors.

284. On June 4, 2001, Respondents submitted Exhibit R-3 captioned "Notice of Filing Evidence of Redemption" ("Notice of Redemption") which contained documents that purportedly were redemption certificates and established that investor CDs had been redeemed for their full face value when called by issuing banks. Without further explanation, the documents are inconclusive to establish whether CGI investors were receiving the full face value of their CDs when they were called by the issuing financial institutions, and the documents do not correlate directly with Exhibit R-2 and do not contain any specific Certificates of Redemption as such.

285. Subsequently, the Division filed a Motion to Preclude Exhibit R-3, but, by Procedural Order, the Division's Motion to Preclude Respondents' Exhibit R-3 was denied and the exhibit remained in evidence.

286. Based upon the preponderance of the evidence, it is established that the brokered CDs, tax lien certificates, viatical settlements and money voucher machine investment programs offered

and sold by Respondents, CGI, and Messrs. Joseph Hiland, Tyson Hiland and Travis Hiland were not lawful investments in conformity with the Act.

287. We find that the CDs in question were not exempt from the registration. Indeed, Respondents stipulated that San Clemente's CDs were securities under the Act and in raising a claim of exemption from the registration requirements of the Act, Arizona law places the burden upon the Respondents to prove the existence of any exemptions and in this case, the proof was lacking. The tax lien certificate program and the money voucher machine programs constitute securities under the Act involving investment contracts as defined in S.E.C. v. W. J. Howey Co., 328, US 293 (1946).

288. With respect to the viatical settlements offered and sold by the Respondents, the Act now defines a viatical settlement as a security and has done so since July 2000. Additionally, in a recent court decision, Siporin v. Carrington, 347 Ariz. Adv. Rep. 5 (App. 2001), the Arizona Court of Appeals concluded that viatical settlements fell within the definition of an investment and were securities under the Act, reversing an earlier lower court decision. While this case conflicts with a federal Court of Appeals decision for the District of Columbia rendered in 1996, we believe that Arizona investors are better protected by the Arizona decision. The fact that there had not been an amendment to the Act to define a viatical settlement as a security or the fact that there was no Arizona case law defining a viatical settlement as a security prior to viatical sales by the Respondents does not negate the offer and sale of these investments from regulation under the Act.

289. With respect the violations of the Act by CGI and Respondents Joseph and Tyson Hiland, based on the record, we believe that there is insufficient evidence to find that Respondent Travis Hiland acted as a control person within the meaning of A.R.S. § 44-1999.

290. With respect to the offer and sale of the various investment programs by the above-named Respondents, there is evidence that these transactions involved extensive registration violations of the Act. We also believe that the evidence establishes that the Respondents displayed a lack of knowledge due to an almost total lack of due diligence so that the offerings could be offered and sold with full disclosure of the risks involved. The record further establishes that the Respondents breached their fiduciary duties by displaying an excessive level of negligence and ineptitude in the offer and sale of these programs. Under the circumstances, we find substantial

evidence to establish a violation of A.R.S. § 44-1991 by the Respondents.

291. While there is some evidence that investors have received income from the various programs and in some cases may have received their principal investments back, because of the ongoing nature of these investments, with the exception of the TLC program, it is unclear what the exact status or desire of individual investors will be with respect to these offerings.

292. With respect to the allegations by the Division involving violations of the IMA, it is clear that the evidence establishes that Respondents violated the IMA by representing CGI as either an investment advisor and themselves as investment advisor representatives.

293. With respect to the offerings described hereinabove, we believe that Respondents CGI and Messrs. Hiland should be ordered to permanently cease and desist from the violations of the Act and the IMA.

294. With respect to an order of restitution, we believe that the respective amounts of restitution and the terms and conditions of the Restitution Motion as set forth in Exhibit A and incorporated herein by reference are reasonable and should be adopted. In total, the current amount of restitution jointly and severally owed by Respondents for each of the four programs is as follows: Brokered CD program: $8,085,220; Viatical program: $4,156,020; TLC tax lien program: $3,548,613; and MVP money voucher program $476,000.

295. With respect to the administrative penalties for the violations of the Act by the Respondents, we believe that because of the number of registration violations alone, the Division's recommendation that the Respondents be jointly and severally liable for an administrative penalty of $113,100 is reasonable, and that said sum should be reduced by half if the restitution/rescission requirements of this Decision are satisfied.

296. With respect to administrative penalties being assessed against the Respondents for their violations of the IMA, we believe that for the licensing violations alone, the Division's recommendation that the Respondents be jointly and severally liable for an administrative penalty of $20,000 is reasonable, and that said sum should be reduced by half if the restitution/rescission requirements of this Decision are satisfied.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-1801 and 44-3101, et seq.

2. The investments in the brokered CDs, tax lien certificates, viatical settlements and money voucher machine programs offered and sold by Respondents CGI, Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland were securities within the meaning of A.R.S. § 44-1801.

3. The securities were neither registered nor exempt from registration, in violation of A.R.S. § 44-1841.

4. The actions and conduct of the Respondents CGI, Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland constitute the offer and/or sale of securities within the meaning of A.R.S. §§ 44-1801(15) and 44-1801(21).

5. Respondents CGI, Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland offered and/or sold unregistered securities within or from Arizona in violation of A.R.S. § 44-1841.

6. Respondent CGI, is a dealer within the meaning of A.R.S. § 44-1801(9).

7. Respondents Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland are salesmen within the meaning of A.R.S. § 44-1801(22).

8. Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland offered and/or sold securities within the Arizona without being registered as a dealer or salesmen in violation of A.R.S. § 44-1842.

9. Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Tyson Hiland are found herein to have violated the Act and should cease and desist pursuant to A.R.S. § 44-2032 from any future violations of A.R.S. §§ 44-1841 and 44-1842 and all other provisions of the Act.

10. With respect to the aforementioned offerings, the amounts and terms and conditions of the Restitution Motion as set forth in Exhibit A should be adopted.

11. With respect to the above-described offerings, Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland should be assessed jointly and severally administrative penalties pursuant to A.R.S. § 44-2036 as follows: for the violations of A.R.S. § 44-1841 the sum of $56,550; and for the violation of A.R.S. § 44-1842, the sum of $56,550.

12. The actions and conduct of the Respondents, CGI, Mr. Joseph Hiland, Mr. Travis

Hiland and Mr. Tyson Hiland constitute the actions of an investment advisor or investment advisor representatives within the meaning of A.R.S. §§ 44-3101(2) and 44-3101(3).

13. With respect to the offerings described above, Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland transacted business as either an investment advisor or an investment advisor representatives in violation of A.R.S. § 44-3151.

14. With respect to the sales activities of CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland during the periods in which the above-described offerings took place, CGI acted as an investment advisor and the other above-named Respondents acted as investment advisor representatives in violation of the IMA and they should cease and desist pursuant to A.R.S. § 44-3292 from any further violations of A.R.S. § 44-3101, et seq. and all other provisions of the IMA.

15. With respect to the above-described offerings, Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland should be assessed jointly and severally an administrative penalty pursuant to A.R.S. § 44-3296 in the amount of $20,000.

ORDER

IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall cease and desist from their actions described hereinabove in violation of A.R.S. §§ 44-1841 and 44-1842.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-3292, Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall cease and desist from their actions described hereinabove in violation of A.R.S. § 44-3151.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2036, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall jointly and severally pay as and for administrative penalties: for the violation of A.R.S. § 44-1841, $56,550; and for the violation of A.R.S. § 44-1842, $56,550.

IT IS FURTHER ORDERED that the administrative penalties hereinabove shall be made payable to the State Treasurer for deposit in the general fund for the State of Arizona.

IT IS FURTHER ORDERED that the administrative penalties hereinabove shall bear interest at the rate of 10 percent per year for any outstanding balance after 60 days from the effective date of this Decision.

IT IS FURTHER ORDERED that the administrative penalties assessed hereinabove against the above-named Respondents shall be reduced by 50 percent per statutory violation if restitution and/or rescission is made in accordance with the terms of this Decision hereinafter.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-3296, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall jointly and severally pay as and for an administrative penalty, for the violation of A.R.S. §§ 44-3151 the sum of $20,000.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. §§ 44-2032 and 44-3292 and A.A.C. R14-4-308, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall jointly and severally make restitution consistent with Findings of Fact No. 294 and Conclusion of Law No. 10 hereinabove subject to the amounts and terms and conditions of the Restitution Motion as set forth in Exhibit A, and shall be payable in full 30 days following the date of this Decision.

IT IS FURTHER ORDERED that the restitution order hereinabove shall bear interest at the rate of 10 percent per year for the period from the dates of investment to the date of payment of restitution by Respondents.

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IT IS FURTHER ORDERED that all restitution payments hereinabove shall be deposited into an interest-bearing account(s) if appropriate, until distributions are made.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2002.

_____
BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____
MES:mlj

SERVICE LIST FOR: THE CHAMBER GROUP, INC. ET AL.

DOCKET NO. S-03438A-00-0000

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